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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

May 24, 1996

Mr. William F. Caton
Secretary
Federal Communications Commission
Room 222
1919 M Street NW
Washington, D.C. 20554

Re: CC Docket 95-116: Local Number Portability

Dear Mr. Caton:

On May 23, Woody Traylor, Beth Kistner and I met with Pete Belvin and Derek Yeo of Commissioner Quello's Office. The purpose of the meeting was to review MCI's position in this proceeding. The attached material was used during the meeting and details the matters discussed.

Sincerely,

Leonard S. Sawicki

Leonard S. Sawicki

Attachments

cc: Ms. Belvin
Mr. Yeo

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Query on Release -- An Anti-Competitive Routing Scheme

- **Not competitively neutral.**
  Calls to non-ported numbers are routed directly, while calls to ported numbers are subjected to additional routing in BOC's network, allowing BOCs to "distinguish" their service as faster and more reliable.

- **Results in call setup time differential between BOC and CLEC calls.**
  A ported call experiences a database dip, the QOR function, and additional trunk setup, not encountered by a non-ported call (approaches full, 1 second difference).

- **Forces CLEC dependence on BOC and other CLEC networks.**
  Call processing will be dependent on switches/networks that would not otherwise be involved in the call with LRN -- the performance of a ported call will therefore be dependent on the performance of an unrelated network or switch.

- **CLECs forced to deploy QoR and handle calls for other networks.**
  CLECs will be forced to deploy, administer and absorb impact of QoR release software to accomodate BOC's QoR "choice". In some cases, CLECs will also be forced to process calls that neither originate nor terminate on their networks.

- **QoR will delay LNP availability.**
  QoR will delay LRN by 18 months from current LRN availability.

- **QoR is ultimately wasted investment.**
  At some level of portability (anywhere from 20% - 70%), QoR would have to be abandoned because call processing for ISUP messages will exceed any perceived benefit of avoided database dips.

- **Savings are proportionately small; cost to CLECs is high.**
  In California, for example, total savings form QoR vs. LRN is in range of \$0.04/month per customer line over 5 year period, or less than 3% of PacBell's total annual capital expenditures.

LOCAL NUMBER PORTABILITY

MCI Telecommunications Corporation

1996 Telecom Act and Local Number Portability (LNP)

- *Statute Defines LNP:*
  - *"Ability of users of telecommunications services to retain, at the same location,* ***existing*** *telecommunications numbers* ***without impairment of quality, reliability or convenience*** *when switching from one telecommunications carrier to another."*

Local Routing and Numbering (LRN) as Call Model

- FCC Should Adopt LRN as Model for LNP.
- Majority of Carriers Nationwide Have Identified LRN as The Best Call Model.

NYNEX	MFS	AirTouch
Bell Atlantic (Maryland)	TCG	MediaOne
Bell South	Sprint Centel	CCTA
Ameritech	GTE (Illinois)	Sprint (LD)
Time Warner	US West	Cox
MCI	ATT	ELI

LRN as Call Model for LNP

- All Major Switch Vendors Cooperated on Development of Switch Software.
- Initial Switch Requirements Completed - 11/95.
- Software is Scheduled for General Availability by Mid-1997.
- Failure to Order Implementation of Industry Consensus Now Rewards RBOC Agenda to Delay.

FCC Should Adopt Date Certain for LNP Implementation

- *State Workshops (e.g., Illinois) Prove LNP Implementation is Feasible by 9/97.*
- *Switch Software Generally Available by 6/97.*
- *SMS Operational by 1Q/97 in Illinois.*
- *Network Operations, Operator Services, Rating and Billing Implementation Commenced.*

FCC Must Eliminate RBOC Incentives to Delay

- *Two Major Revenue Incentives:*

  - *Revenue Streams from RCF/DID.*
  - *RBOCs Want to Keep Access Revenues for Calls to CLECs for RCF/DID.*

- *Insulates RBOCs from Virtually All Access Competition.*

What Should FCC Do About Financial Incentives to Delay

- Require Competitively Neutral Pricing for RCF/DID - Rochester Model.
- Peemption is Appropriate under Sec.251(e).
- Require RBOCs to Remit Access Revenues to CLECs From Calls Ported Via RCF/DID.
- Illinois Model - Parties Agree on Principle to Provide Access Revenues to CLECs.

Release-to-Pivot, Query-on-Release and Other Anti-Competitive Routing Schemes

- *Not Competitively Neutral - Does Not Treat All Calls the Same.*
- *Forces CLECs Dependence on Incumbents.*
- *Delays Real LNP Availability*
- *No Assurance RTP Will Be Transparent to End Users.*
- *RTP and QOR Increase Trunking Costs.*

The FCC Must Act to Implement LNP

- *Require Competitively Neutral Pricing for RCF/DID.*
- *Require RBOCs to Remit Applicable Access Revenues to CLECs for RCF/DID Routed Calls.*
- *Adopt Database Solution With Neutral Third Party Administration.*
- *Set 9/1/97 as Date by which LNP Must Be Provided.*

The FCC Must Act to Implement LNP

- *Establish Reporting Milestones for Tracking LNP Progress.*
- *Establish Penalties for RBOC-Induced Delays past 9/1/97.*
- *Establish Requirement that Prohibits a LEC From Subjecting Interoffice Calls to Ported Numbers to Routing That is Less Direct than the LEC's Routing of its Own Non-Ported Interoffice Calls.*